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SUBJECT: NIGERIA: LITTLE PROGRESS TOWARD AN IPRSP

1. Summary: The World Bank invited GON officials and a small group of donors to an April 2-4 retreat with representatives of African countries that had successfully completed the Poverty Reduction Strategy Paper (PRSP) process. The retreat was a limited success in reorienting Nigeria's approach to the PRSP and spurring progress in producing a useful Interim Poverty Reduction Strategy Paper (IPRSP). In an April 12 meeting, international donors discussed the results of the retreat. As of now, the process stands as follows:

a) The PRSP process lacks strong commitment and an articulated vision from the highest levels of the Government. Key GON officials needed to make this process work may not clearly understand PRSP. Donors will identify and work with GON officials to fill this leadership gap.

b) Participation by civil society and state and local governments is currently insufficient. Donors will seek opportunities to broaden participation by these groups.

c) The national political leadership is hesitant to reach out to civil society and grassroots organizations on reforms before the elections for fear of raising questions about why the current Administration has not effectively addressed these issues after three years in power.

d) Donors agree Nigeria should not be pressured to complete the PRSP quickly if the result would be a paper exercise with little follow-through.

e) The World Bank should write the President and Vice President articulating a common donor approach to the GON on PRSP matters. This missive will form the basis for talking points to be used by individual donor diplomatic missions. End summary.

2. Donors met April 12 to discuss Nigeria's progress toward an Interim Poverty Reduction Strategy Paper. Discussion focused on progress made during the April 2-4 retreat organized by the World Bank for representatives of the donor community and members of the GON National Forum. The retreat was designed to educate the GON team on how successful PRSPs have been completed elsewhere and to raise awareness of poverty measurement techniques and the relationship between the macroeconomy and poverty reduction. The National Forum, with 86 members including five members of the donor community, is to be reconstituted from the superceded National Core Team, which had approximately 35 members. The mandate of the National Forum includes public outreach, consensus-building and drafting of the Poverty Reduction Strategy Paper. The National Forum is working under the Guidance Committee, chaired by Festus Osunsade, Secretary of the Presidency's Economic Policy Coordination Committee.

3. Approximately three dozen GON officials, including the President's Principal Secretary Stephen Oronsaye and Director-General of the Debt Management Office Akin Arikawe, attended the retreat, along with a handful of donor community members. Representatives from Uganda and Ethiopia -- two countries that have successfully completed PRSPs -- presented their perspectives on the PRSP process. The group broke out into three working groups focused on: broad-based participation in the PRSP process, the relationship between macroeconomic policy and poverty alleviation, and data requirements for a successful PRSP.

4. Donor community participants agreed that much work remains to be done before Nigeria will complete an Interim PRSP and that the GON should not be pressured to complete the PRSP quickly. There continues to be a wide gap between donor and GON perceptions of what constitutes a good PRSP. Some donors cited a lack of seriousness among GON officials and a sharp division between the few Nigerians who understand the need for a PRSP and the much larger group of those who lack this understanding. The participants also noted strong

institutional competition between GON officials involved with the various poverty programs, such as the NAPEP (National Poverty Eradication Program), the PAP (Poverty Alleviation Program) and the PRSP.

15. One obstacle to achieving a comprehensive PRSP is the lack of high-level GON leadership and absence of a common objective. It remains unclear who at the highest levels is responsible for the PRSP; although the Chief Economic Advisor to the President is tasked with this responsibility, his long absences from the country have kept him out of the loop and he has assigned the task to the EPCC. Completion of a meaningful PRSP may depend upon one or more high-level GON advocates, or a small group of mid-level, but influential champions to push the process forward. However, with national elections looming, the political leadership may be hesitant to tackle the PRSP, which implies a commitment to fundamental reform. Many GON officials have commented that in the process of soliciting input from civil society, expectations will be raised that the government will deliver poverty alleviation programs. No one wants to raise expectations at this time.

16. The retreat revealed that some Nigerians view the PRSP solely as a mechanism to obtain debt relief while others focus on the personal political benefits the resources given to poverty alleviation can bring. The donors agreed that Nigeria must develop and articulate a clear vision and purpose for the Poverty Reduction Strategy and felt that it would be up to the Economic Policy Coordination Committee (EPCC) to fulfill this need.

17. The donors agreed upon the following next steps:

- Donors need to elevate efforts to include a wider range of stakeholders, including state and local governments and civil society groups. To do this, however, all agreed that Nigerian civil society must be educated on how to carry on a positive and constructive dialogue with the GON.

- Donors must identify a small group of influential GON officials who can effectively champion the PRSP process. Some proposed names included Stephen Oronsaye, Principal Secretary to the President; Akin Arikawe, Director-General of

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the Debt Management Office; and Bola Illori, National Planning Commission.

- Donors will continue to communicate to the GON the importance and reformist nature of the PRSP in a variety of ways, including through diplomatic channels.

- Donors should continue work with the EPCC to better articulate the GON's objectives and vision for the PRSP and a deadline for the IPRSP.

- The World Bank will draft a letter to the President and Vice President outlining donors' views and prepare talking points as a common agenda for the donors' use in bilateral discussions with the GON.

18. Comment. Progress on the IPRSP has been excruciatingly slow because the GON has not gotten its act together. The absence of a high-level GON advocate for the PRSP, combined with the lack of a clear vision and articulation of what the PRSP means for Nigeria, continues to frustrate the donor community. There is a growing recognition among the donors, however, that Nigeria should not be pressured into completing this process too quickly, as this would probably result in a document that pays mere lip service without providing a realistic and achievable action plan to alleviate poverty. Moreover, with elections fast approaching, the GON may not want to raise public awareness of the PRSP for fear of evoking expectations of significant resources and improved social services) neither of which is likely in the near-term. A viable IPRSP will also commit the GON to a course of responsible macroeconomic management, budget re-prioritization, and transparency that it is not willing to undertake at this point. In short, Nigeria's PRSP will remain a long-term objective of the donor community. How and whether donors can support a PRSP process under these conditions remains unclear. Decisions about what implications there might be for donor assistance in support of programs growing out of a PRSP will not be taken soon.
End Comment.

